ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
PARCEL TAX FISCAL OVERSIGHT COMMITTEE

MINUTES

Special Meeting of the Parcel Tax Fiscal Oversight Committee
AC Transit General Offices
10th Floor Conference Room
1600 Franklin Street
Oakland, CA 94612

Tuesday, November 13, 2018 at 8:30 a.m.

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MEMBERS OF THE OVERSIGHT COMMITTEE
JANET ABELSON
LIZ BRISSON
BEVERLY JOHNSON
MICHAEL GREGORY
PATRICIA PETERSEN
IGOR TREGUB
MATT WILLIAMS

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DISTRICT OFFICERS
MICHAEL A. HURSH, GENERAL MANAGER
DENISE C. STANDRIDGE, GENERAL COUNSEL
LINDA A. NEMEROFF, DISTRICT SECRETARY
CLAUDIA ALLEN, CHIEF FINANCIAL OFFICER
The Alameda-Contra Costa Transit District Parcel Tax Fiscal Oversight Committee held a special meeting on Tuesday, November 13, 2018. The meeting was called to order at 8:03 a.m.

1. ROLL CALL
   Members Present: Janet Abelson, Liz Brisson, Beverly Johnson, Michael Gregory, Patricia Petersen, Igor Tregub, Matt Williams
   Members Absent: None
   District Board Liaison Present: None
   District Officers and Presenters:
   Michael A. Hursh, General Manager
   Denise C. Standridge, General Counsel
   Linda A. Nemeroff, District Secretary
   Claudia Allen, Chief Financial Officer
   Scott Nickerson, Partner, Crowe LLC (External Auditor)
   Others in Attendance:
   Jelena Harada, Assistant District Secretary
   Jill Sprague, Assistant General Counsel
   Ralph Martini, Controller
   Robert del Rosario, Director of Service Development & Planning
   Diane Shaw, Director-elect for Ward 5

2. SELECTION OF CHAIRPERSON
   The Chair shall serve at the pleasure of the Committee and shall be selected from the majority of the Committee members present.
   District Secretary Linda Nemeroff called for nominations for Chair. Member Tregub nominated Member Abelson, which was seconded by Member Gregory. No other nominations were offered.
   MOTION: TREGUB/GREGORY to select Member Abelson to serve as Chair of the Committee. The motion carried by the following vote:
   AYES: 7: Tregub, Gregory, Brisson, Johnson, Petersen, Williams, Abelson

3. PUBLIC COMMENT
   There was no public comment offered.
CONSENT ITEMS:

4A. Consider approving the minutes of the District Parcel Tax Fiscal Oversight Committee meeting of November 14, 2017.

MOTION: WILLIAMS/JOHNSON to approve the minutes of November 14, 2017. The motion carried by the following vote:

AYES:4: Williams, Johnson, Gregory, Abelson
ABSTAIN:3: Tregub, Petersen, Brisson

DISCUSSION ITEMS:

5A. Consider review of the following:

- History of the District 1 - District 2 Allocation Methodology;
- Measure VV Agreed Upon Procedures, including:
  - Hours and Miles Comparison for District 1/District 2;
  - AC Transit Audited Financial Statements (includes the D1/D2 Report and Supplemental Schedule); and

Consider review and approval of the Measure VV Financial Statement and the adoption of Resolution No. 18-01 determining that the Measure VV funds collected during the 2017-18 Fiscal Year have been appropriated and expended in Special Transit Service District No. 1 for operation and maintenance activities (Report 18-01).

Chief Financial Officer Claudia Allen reported the receipt of $29.6 million in parcel tax revenue in FY 2017-18, which covered operations and maintenance expenses in Special District 1. She further provided an in-depth overview of the District 1/District 2 Allocation Methodology, FY 2017-18 revenue and expense highlights, discussed the application of service miles and hours to each District, and the agreed-upon procedures applicable to the audit.

With respect to revenues (slide #4 of the presentation), Member Brisson asked if revenues were allocated to Districts 1 and 2 based on the proportion of the route in each District or the amount of revenue collected at stops in each District. Director of Service Development and Planning Robert del Rosario believed it was based on farebox. Ms. Allen advised she would confirm this and report back to the Committee.

Member Brisson asked what was meant by the term “pro rata share of scheduled pay”. Ms. Allen advised that it was based on service hours and service miles and whatever that calculation yields is applied to
scheduled pay. Mr. del Rosario explained that hours and miles are calculated based on the routes in District 1 and the routes in District 2 as well as the routes that cross both districts, with 89% of the hours and miles being allocated to District 1 and 11% to District 2. This determines how expenses are allocated to each District. Member Petersen asked how unscheduled pay was handled. Mr. del Rosario advised that unscheduled pay was allocated using the same method.

Member Tregub asked how Transbay routes factor into miles and hours. Mr. del Rosario advised that a route that initiates in Special District 2 is expensed to District 2 even though it may pass through District 1 and vice versa.

Scott Nickerson with Crowe LLP advised that service hours and service miles were the most common allocation method used by transit agencies with a tax measure. He further advised that it was the auditor’s role 1) to make sure the methodology was consistently applied, 2) to verify that calculations where mathematically correct, 3) to ensure that all underlying data used to support the calculations was available and done in a consistent manner, and 4) to validate that the allocation methodologies were applied using actual results. He further reported that the split between revenues and expenses was consistent with the methodology and that the allocation methodology had been appropriately applied, adding that there was nothing in the methodology he would deem unreasonable or impractical.

Member Gregory asked what was meant by the term “reasonable standard”. Mr. Nickerson responded that a reasonable standard would be the use of data that is gathered nationally by the National Transit Database and that service hours and service miles were key factors used for almost any allocation.

Member Tregub asked what trends staff had noticed over the prior period. Mr. del Rosario advised that the District had reverted to relieving operators at the BART stations instead of along the route because there was a shortage of buses. He added that in the next year, staff would take a closer look at service in District 2 because ridership was down in the area.

Member Tregub asked if Flex service had any impact on the District 2 calculations. Mr. del Rosario advised that he was unsure of the impacts, noting that there were many variables with regard to productivity, ridership, and routes.

Chair Abelson asked if Flex service would expand in District 1. Mr. del Rosario advised that the biggest challenge in District 1 was that ridership might exceed capacity during certain parts of the day. In
addition, the roadway network in District 1 did not provide the same flexibility that it does in District 2. He added that a staff report on this topic would be presented to the Board in January on this topic.

Member Brisson inquired about the Schedule of Revenue and Expenses by Service Area (Page 3 of Attachment 3), specifically AB 2972 Home to School and contract services. Ms. Allen advised that AB2972 was funding that was previously provided to support service to the Oakland Unified School District. General Manager Michael Hursh advised that the bailout provided by the state for the service would be reflected in next year’s financial statements. In addition, contract services, primarily, were services provided to BART during special construction projects.

MOTION: JOHNSON/WILLIAMS to review and approve the Measure VV Financial Statement and the adoption of Resolution No. 18-01 determining that the Measure VV funds collected during the 2017-18 Fiscal Year have been appropriated and expended in Special Transit Service District No. 1 for operation and maintenance activities. The motion carried by the following vote:

AYES:7: Johnson, Williams, Brisson, Gregory, Petersen, Tregub, Abelson

6. COMMITTEE/STAFF COMMENTS
There were no comments offered.

7. ADJOURNMENT
There being no further business to come before the Committee, the meeting adjourned at 8:45a.m.

Respectfully submitted,

[Signature]
Linda A. Nemeroff
District Secretary